

TEACHERS' RETIREMENT BOARD  
BENEFITS AND SERVICES COMMITTEE

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SUBJECT: Partial Lump-Sum Payments

ITEM NUMBER: 6

ATTACHMENT(S): 1

ACTION: \_\_\_\_

DATE OF MEETING: June 6, 2002

INFORMATION: X

PRESENTER(S): Julian Figgins

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This item will share information related to the status of the new Partial Lump-Sum (PLS) benefit (formerly referred to as Retirement Option Program or ROP). A brief history, overview and status of implementation will be presented.

# **Partial Lump - Sum (PLS)**

**Teachers' Retirement Board Meeting  
June 6, 2002**

# **Partial Lump - Sum**

## **PLS Background**

 **Established by Assembly Bill 2456 (Wright) 2000**

 **Law permitted TRB to set implementation date**

 **November 2001 TRB approval to establish April 2002 implementation**



# **Partial Lump - Sum**

## **Intent of PLS**

 **Allow greater member flexibility to shape distribution while also insuring a monthly benefit**

 **Encourage retention of teachers beyond normal retirement age**

# **Partial Lump - Sum**

## **PLS Eligibility**


 **Retirement Date 4/1/2002 or later**

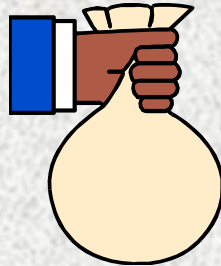
 **Age 60 years and 3 months or 60 with 30 years of credited service**



# Partial Lump - Sum

## PLS Limit

 **Generally up to 15% of the “Actuarial Value” of the member’s Unmodified Allowance**



# Partial Lump - Sum

## Example Case

- Member age 61 1/2 at retirement
- Retirement allowance \$4,048

<b>SC</b>	<b>X</b>	<b>AF</b>	<b>X</b>	<b>FC</b>	<b>=</b>	<b>Unmodified</b>
<b>32</b>	<b>X</b>	<b>2.4%</b>	<b>X</b>	<b>\$4,750</b>	<b>=</b>	<b>\$3,648</b>
		<b>Longevity Bonus</b>	<b>+</b>			<b>400</b>
<b>Total Unmodified Allowance</b>						<b>\$4,048</b>



# Partial Lump - Sum

## Example Case

**Original Unmodified : \$4,048**

<b><i><u>PLS Amount Requested</u></i></b>	<b><i><u>Permanent Monthly Decrease</u></i></b>	<b><i><u>New (PLS) Unmodified</u></i></b>
<b>\$10,000</b>	<b>\$66</b>	<b>\$3,982</b>
<b>\$25,000</b>	<b>\$164</b>	<b>\$3,884</b>
<b>\$50,000</b>	<b>\$328</b>	<b>\$3,720</b>
<b>\$75,000</b>	<b>\$493</b>	<b>\$3,555</b>
<b>\$92,460 (Max)</b>	<b>\$607</b>	<b>\$3,441</b>



# Partial Lump - Sum

## PLS Payment

 **Rollover entire payment to qualified plan**

 **Direct payment to member**

### **Tax Withholding**




**Federal: 20%**  
**(Mandatory)**

**State 6%**  
**(Elective)**

 **Taxable and Nontaxable portions**

# **Partial Lump - Sum**

## **PLS Member Communication**

-  **CalSTRS Bulletin articles**
-  **Eligible retirees provided individualized estimate and application**
-  **All retiring members notified via Legislation Benefit Alert**



# Partial Lump - Sum

## PLS Implementation

 **START database modified**

 **Service Retirement Application and Award Letter revised**

 **FAQ's available [www.calstrs.ca.gov](http://www.calstrs.ca.gov)**






# Partial Lump - Sum

## PLS Implementation (continued)

 **New teletalk message**

 **Training**

 **Estimate functionality available**  
**[www.calstrs.ca.gov](http://www.calstrs.ca.gov) - Benefit**  
**Calculator expanded**